

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Verona Township	County* HURON	Type* TOWNSHIP	MuniCode* 32-1-270
Opinion Date-Use Calendar* Aug 20, 2008	Audit Submitted-Use Calendar* September 23, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the audit opinion unqualified? 14. If not, what type of opinion is it? Qualified
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? Qualified
<input checked="" type="checkbox"/> ?	15. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. Are there reported deficiencies? 19. If so, was it attached to the audit report?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 226,964.00
General Fund Expenditure:	\$ 96,500.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 1,001,000.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Douglas	Last Name* Brining	Ten Digit License Number* 1101008283		
CPA Street Address* 64 Westland Drive	City* Bad Axe	State* MI	Zip Code* 48413	Telephone* +1 (989) 269-9909
CPA Firm Name* Brining & Nartker, P.C.	Unit's Street Address* 3393 Sand Beach Road	Unit's City* Bad Axe	Unit's Zip* 48413	

**TOWNSHIP OF VERONA
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2008**

TOWNSHIP OF VERONA, HURON COUNTY

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BRINING & NARTKER, P.C.

Certified Public Accountants

DOUGLAS P. BRINING, CPA
JOSEPH H. NARTKER, CPA

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Members of
Michigan Association of
Certified Public Accountants
American Institute of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Township Board Members
Township of Verona
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Verona, Huron County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Verona, Huron County, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not prepared their discussion and analysis information for the Township of Verona, Huron County, Michigan. This discussion is required by U.S. generally accepted accounting principles as supplemental information.

In our opinion, except for the omission of management's discussion and analysis as discussed in the previous paragraph, which results in an incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Verona, Huron County, Michigan as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 13 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Verona, Huron County, Michigan's basic financial statements. The accompanying additional information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



BRINING & NARTKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

August 20, 2008

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF VERONA, HURON COUNTY
STATEMENT OF NET ASSETS
MARCH 31, 2008

**GOVERNMENTAL
ACTIVITIES**

ASSETS:

Current assets:

Cash	\$	1,351,667
Taxes receivable		17,458

Capital assets - net of accumulated depreciation		125,163
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TOTAL ASSETS		1,494,288
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LIABILITIES:

Current liabilities:

Accounts payable		9,864
Performance bond - Road Commission		3,000
Current maturities of long-term debt		19,911

Noncurrent liabilities:

Noncurrent portion of long-term debt		115,161
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TOTAL LIABILITIES		147,936
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NET ASSETS:

Investment in capital fixed assets net of related debt		125,163
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Restricted:

Nonexpendable		66,677
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Unrestricted		1,154,512
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TOTAL NET ASSETS	\$	1,346,352
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The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF VERONA, HURON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008**

		<u>PROGRAM REVENUES</u>		
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
FUNCTIONS:				
Governmental Activities				
General government	\$ 69,725	\$ 2,000	\$ 3,869	\$ (63,856)
Public safety	64,232	-	-	(64,232)
Public works	94,544	-	-	(94,544)
Health and welfare	3,373	-	-	(3,373)
Recreation and culture	4,549	-	-	(4,549)
Total Governmental Activities	<u>\$ 236,423</u>	<u>\$ 2,000</u>	<u>\$ 3,869</u>	<u>(230,554)</u>
GENERAL REVENUES:				
Property taxes				284,003
State sources				92,951
Investment earnings				45,495
Miscellaneous				2,598
TOTAL GENERAL REVENUES				<u>425,047</u>
CHANGE IN NET ASSETS				<u>194,493</u>
NET ASSETS - APRIL 1, 2007				1,151,859
NET ASSETS - MARCH 31, 2008				<u>\$ 1,346,352</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF VERONA, HURON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008**

	MAJOR FUNDS			NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	ROAD FUND	FIRE FUND		
<u>ASSETS</u>					
Cash	\$ 997,240	\$ 136,316	\$ 137,084	\$ 81,027	\$ 1,351,667
Taxes receivable	5,483	6,844	5,131	-	17,458
Due from other funds	-	-	956	-	956
TOTAL ASSETS	<u>\$ 1,002,723</u>	<u>\$ 143,160</u>	<u>\$ 143,171</u>	<u>\$ 81,027</u>	<u>\$ 1,370,081</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 767	\$ 9,097	\$ -	\$ -	\$ 9,864
Due to other funds	956	-	-	-	956
Performance bond - Road Commission	-	3,000	-	-	3,000
TOTAL LIABILITIES	<u>1,723</u>	<u>12,097</u>	<u>-</u>	<u>-</u>	<u>13,820</u>
FUND BALANCE:					
Reserved	-	-	-	66,677	66,677
Unreserved	1,001,000	131,063	143,171	14,350	1,289,584
	<u>1,001,000</u>	<u>131,063</u>	<u>143,171</u>	<u>81,027</u>	<u>1,356,261</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,002,723</u>	<u>\$ 143,160</u>	<u>\$ 143,171</u>	<u>\$ 81,027</u>	<u>\$ 1,370,081</u>

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES**

Total governmental fund balances	\$ 1,356,261
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	125,163
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(135,072)
Net assets of governmental activities	<u>\$ 1,346,352</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF VERONA, HURON COUNTY
VENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008**

	MAJOR FUNDS			NONMAJOR	TOTAL
	GENERAL	ROAD	FIRE	GOVERNMENTAL	GOVERNMENTAL
	FUND	FUND	FUND	FUNDS	FUNDS
REVENUES:					
Taxes	\$ 91,227	\$ 110,177	\$ 82,599	\$ -	\$ 284,003
Licenses and permits	600	-	-	-	600
Intergovernmental	92,951	-	-	-	92,951
Charges for services	-	-	-	2,000	2,000
Interest	36,319	3,413	2,888	2,875	45,495
Other	5,867	-	-	-	5,867
TOTAL REVENUES	226,964	113,590	85,487	4,875	430,916
EXPENDITURES:					
Current:					
General government	64,369	-	-	-	64,369
Public safety	-	-	64,232	-	64,232
Public works	24,209	91,869	-	-	116,078
Cemetery	-	-	-	3,388	3,388
Health and welfare	3,373	-	-	-	3,373
Recreation and culture	4,549	-	-	-	4,549
TOTAL EXPENDITURES	96,500	91,869	64,232	3,388	255,989
EXCESS OF REVENUES OVER EXPENDITURES	130,464	21,721	21,255	1,487	174,927
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	2,535	-	768	3,303
Operating transfers out	(2,535)	-	-	(768)	(3,303)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	127,929	24,256	21,255	1,487	174,927
FUND BALANCE - APRIL 1	873,071	106,807	121,916	79,540	1,181,334
FUND BALANCE - MARCH 31	\$ 1,001,000	\$ 131,063	\$ 143,171	\$ 81,027	\$ 1,356,261

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Total net change in fund balances - governmental funds	\$ 174,927
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capital outlay	-
Depreciation	(1,968)

Repayment of loans is an expenditure in governmental funds but reduces long-term liabilities in the statement of net assets.

Change in net assets of governmental activities.

\$ 194,493

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF VERONA, HURON COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
MARCH 31, 2008**

<u>ASSETS</u>	
Cash	\$ 262,770
TOTAL ASSETS	<u>262,770</u>
<u>LIABILITIES</u>	
Due to other funds	262,770
TOTAL LIABILITIES	<u>262,770</u>
NET ASSETS	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF VERONA, HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Verona conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

Reporting Entity:

The Township is located in Huron County, Michigan and has approximately 1,350 residents. The Township is governed by a five person elected board and provides roads, fire protection, cemetery maintenance services and ambulance services for its residents.

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB 39, the definition of the reporting entity is based primarily on the premise of financial accountability. The Township is a primary government and is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. These types of organizations are deemed component units.

Based on these provisions, there are no organizations that are deemed to be component units of the Township.

Accounting Estimates:

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

**TOWNSHIP OF VERONA, HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, licenses and interest revenue. All other revenue items are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund is used to account for property taxes allocated to provide for the maintenance of roads.

The Fire Fund is used to account for property taxes allocated to provide fire protection services.

The Township reports the Cemetery Fund and the Perpetual Care Fund as nonmajor funds.

Additionally, the Township reports the following fund types:

The Agency Fund accounts for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, and other governments.

Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County tax roll. The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year. Delinquent personal property taxes are not paid by the County revolving tax fund and will be remitted to the Township as collection occurs.

Capital Assets:

Capital assets, which include buildings, equipment, and drains, are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are defined by the Township as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings	25 years
Equipment	5 to 15 years
Drains	30 years

Restricted Net Assets:

Restricted net assets represents cash received from cemetery perpetual care that is to be invested, the earnings of which are to be used for maintenance of the Township cemetery.

(Continued)

**TOWNSHIP OF VERONA, HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Budgets:

Annual budgets are approved prior to the beginning of the fiscal year and are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds except for the Perpetual Care Fund, which is a permanent fund and no budget was prepared. All annual appropriations lapse at year end. The Township does not utilize encumbrance accounting.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – BUDGET VIOLATIONS:

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The legal level of budgetary control adopted by the governing body is the line item level.

During the year ended March 31, 2008, the Township incurred expenditures in certain budgetary funds which were in excess of the amount appropriated, as follows:

	<u>AMOUNT APPROPRIATED</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
Board of appeals	\$ -	\$ 905	\$ 905
Election expense	\$ 1,000	\$ 1,173	\$ 173
Operating transfers out	\$ -	\$ 2,535	\$ 2,535
Fire Fund:			
Fire protection agreement	\$ 63,000	\$ 63,005	\$ 5
Perpetual Care Fund:			
Operating transfers out	\$ -	\$ 768	\$ 768

NOTE 3 - DEPOSITS AND INVESTMENTS:

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended), authorizes a local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority and the Township has no investments as of March 31, 2008.

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's investment policy does not directly address a deposit policy for custodial credit risk. At year end, the Township had \$1,186,975 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

**TOWNSHIP OF VERONA, HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)**

NOTE 4 – CAPITAL ASSETS:

Capital asset activity for the current year was as follows:

	BALANCE APRIL 1, 2007	INCREASES	DECREASES	BALANCE MARCH 31, 2008
Capital Assets Not Being Depreciated				
Land	\$ 21,217	\$ -	\$ -	\$ 21,217
Capital Assets Being Depreciated				
Buildings	15,364	-	-	15,364
Equipment	88,176	-	-	88,176
Drains	-	95,439	-	95,439
	<u>103,540</u>	<u>95,439</u>	<u>-</u>	<u>198,979</u>
Less: Accumulated Depreciation				
Buildings	5,477	614	-	6,091
Equipment	87,588	293	-	87,881
Drains	-	1,061	-	1,061
	<u>93,065</u>	<u>1,968</u>	<u>-</u>	<u>95,033</u>
Total Capital Assets Being Depreciated - Net	<u>10,475</u>	<u>(1,968)</u>	<u>-</u>	<u>103,946</u>
Governmental Activity Capital Assets - Net	<u>\$ 31,692</u>	<u>\$ 93,471</u>	<u>\$ -</u>	<u>\$ 125,163</u>

Depreciation expense was charged to programs of the Township as follows:

General Government	<u>\$ 1,968</u>
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NOTE 5 – INTERFUND TRANSFERS:

The composition of interfund balances in the fund-level financial statements is as follows:

Interfund transfers for the year ended March 31, 2008 consisted of the following:

<u>FUND TRANSFERRED FROM</u>	<u>FUND TRANSFERRED TO</u>	<u>AMOUNT</u>
General Fund	Road Fund	<u>\$ 2,535</u>
Perpetual Care Fund	Cemetery Fund	<u>\$ 768</u>

The transfers from the General Fund to the Road Fund were for operating purposes. The interest received in the Perpetual Care Fund was transferred to the Cemetery Fund to be used for maintenance of the Township Cemetery.

**TOWNSHIP OF VERONA, HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)**

NOTE 6 – LONG-TERM DEBT:

A summary of changes in long-term debt is as follows:

	BALANCE APRIL 1, 2007	ADDITIONS	RETIREMENTS	BALANCE MARCH 31, 2008
Various drain assessments payable, due in annual installments based on the number of annual assessments remaining on each drain.	\$ 61,168	\$ 95,438	\$ 21,534	\$ 135,072

Annual debt service requirements to maturity is as follows at March 31:

	PRINCIPAL	INTEREST	TOTAL
2009	\$ 19,911	\$ -	\$ 19,911
2010	18,759	-	18,759
2011	16,318	-	16,318
2012	15,738	-	15,738
2013	14,159	-	14,159
2014 - 2018	38,173	-	38,173
2019 - 2022	12,014	-	12,014
	<u>\$ 135,072</u>	<u>\$ -</u>	<u>\$ 135,072</u>

Interest expense for the year ended March 31, 2008 was \$0.

NOTE 7 – JOINT VENTURE:

Pursuant to an inter-local agreement dated September 7, 1990 between the Township and the City of Bad Axe and Colfax Township, fire protection services are provided by the Bad Axe Area Fire Protection Association. At inception, the Township contributed \$70,216 for its equity interest in the equipment of the Association. This amount has been recorded as a capital asset of the Township. The Township makes annual operating contributions to the Association based on a formula included in the agreement. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. Separate financial statements through 2007 for the joint venture are available from the Bad Axe Area Fire Protection Association. As of December 31, 2007 general fund equity amounted to \$323,330.

NOTE 8 – PROPERTY TAX LEVY:

The Township's tax levy for the year is based on taxable value of \$55,282,162. The mills levied per \$1,000 of taxable value are as follows:

General Fund	1.2785
Road Fund	1.4946
Emergency Services Fund	1.9936
	<u>4.7667</u>

**TOWNSHIP OF VERONA, HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)**

NOTE 9 – RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township carries commercial insurance to cover losses that may result from these events. There has been no significant reduction in insurance coverage for these risks of loss. Settlement amounts have not exceeded insurance coverage for the current year or for the three prior years.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF VERONA, HURON COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes:				
Property taxes and fees	\$ 67,721	\$ 67,721	\$ 91,227	\$ 23,506
Licenses and permits	700	700	600	(100)
Intergovernmental revenue:				
State shared revenue	92,997	92,997	92,951	(46)
Interest	20,000	20,000	36,319	16,319
Other revenue	2,450	2,450	5,867	3,417
TOTAL REVENUES	<u>183,868</u>	<u>183,868</u>	<u>226,964</u>	<u>43,096</u>
EXPENDITURES:				
General government:				
Salaries and wages	31,900	31,900	31,858	42
F.I.C.A.	3,500	3,500	2,788	712
Board of review	1,500	1,500	900	600
Board of appeals	-	-	905	(905)
Insurance and bonds	5,500	5,507	5,507	-
Dues and meetings	2,500	2,500	1,750	750
Election expense	1,000	1,000	1,173	(173)
Printing	600	600	198	402
Legal fees	2,000	2,000	870	1,130
Accounting fees	3,000	3,000	495	2,505
Planning commission	2,000	2,000	965	1,035
Office supplies	7,300	7,300	6,167	1,133
Hall maintenance	2,000	2,000	1,289	711
Assessing	12,000	12,000	9,132	2,868
Permits and inspections	800	800	600	200
Miscellaneous	1,250	1,250	(228)	1,478
Total general government	<u>76,850</u>	<u>76,857</u>	<u>64,369</u>	<u>12,488</u>
Public works:				
Drains at large	16,272	21,534	21,534	-
Street lights and utilities	3,500	3,500	2,675	825
Ditch reimbursements	1,000	1,000	0	1,000
Total public works	<u>20,772</u>	<u>26,034</u>	<u>24,209</u>	<u>1,825</u>
Health and welfare:				
Ambulance	<u>3,373</u>	<u>3,373</u>	<u>3,373</u>	<u>-</u>
Recreation and culture:				
Summer program	150	150	128	22
Library	5,000	5,000	4,421	579
	<u>5,150</u>	<u>5,150</u>	<u>4,549</u>	<u>601</u>
TOTAL EXPENDITURES	<u>106,145</u>	<u>111,414</u>	<u>96,500</u>	<u>14,914</u>

(Continued)

**TOWNSHIP OF VERONA, HURON COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008
(CONTINUED)**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>77,723</u>	<u>72,454</u>	<u>130,464</u>	<u>58,010</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	-	-	(2,535)	(2,535)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>77,723</u>	<u>72,454</u>	<u>127,929</u>	<u>55,475</u>
FUND BALANCE - April 1	873,071	873,071	873,071	-
FUND BALANCE - March 31	<u>\$ 950,794</u>	<u>\$ 945,525</u>	<u>\$ 1,001,000</u>	<u>\$ 55,475</u>

**TOWNSHIP OF VERONA, HURON COUNTY
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ 96,429	\$ 96,429	\$ 110,177	\$ 13,748
Interest	3,000	3,000	3,413	413
TOTAL REVENUES	<u>99,429</u>	<u>99,429</u>	<u>113,590</u>	<u>14,161</u>
EXPENDITURES:				
Road construction and maintenance	103,144	103,144	84,554	18,590
Brine	13,000	13,000	7,315	5,685
TOTAL EXPENDITURES	<u>116,144</u>	<u>116,144</u>	<u>91,869</u>	<u>24,275</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,715)</u>	<u>(16,715)</u>	<u>21,721</u>	<u>38,436</u>
OTHER FINANCING SOURCES:				
Operating transfers in	-	-	2,535	2,535
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(16,715)</u>	<u>(16,715)</u>	<u>24,256</u>	<u>40,971</u>
FUND BALANCE - April 1	106,807	106,807	106,807	-
FUND BALANCE - March 31	<u>\$ 90,092</u>	<u>\$ 90,092</u>	<u>\$ 131,063</u>	<u>\$ 40,971</u>

**TOWNSHIP OF VERONA, HURON COUNTY
BUDGETARY COMPARISON SCHEDULE
FIRE FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ 72,295	\$ 72,295	\$ 82,599	\$ 10,304
Interest	2,000	2,000	2,888	888
TOTAL REVENUES	<u>74,295</u>	<u>74,295</u>	<u>85,487</u>	<u>11,192</u>
EXPENDITURES:				
Fire protection agreement	63,000	63,000	63,005	(5)
Board fees	1,125	1,365	1,227	138
TOTAL EXPENDITURES	<u>64,125</u>	<u>64,365</u>	<u>64,232</u>	<u>133</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,170</u>	<u>9,930</u>	<u>21,255</u>	<u>11,325</u>
FUND BALANCE - April 1	121,916	121,916	121,916	-
FUND BALANCE - March 31	<u>\$ 132,086</u>	<u>\$ 131,846</u>	<u>\$ 143,171</u>	<u>\$ 11,325</u>

ADDITIONAL INFORMATION

**TOWNSHIP OF VERONA, HURON COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2008**

	CEMETERY FUND	PERPETUAL CARE FUND	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 14,350	\$ 66,677	\$ 81,027
TOTAL ASSETS	<u>\$ 14,350</u>	<u>\$ 66,677</u>	<u>\$ 81,027</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCE:			
Reserved	-	66,677	66,677
Unreserved	14,350	-	14,350
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 14,350</u>	<u>\$ 66,677</u>	<u>\$ 81,027</u>

TOWNSHIP OF VERONA, HURON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	CEMETERY FUND	PERPETUAL CARE FUND	<u>TOTAL</u>
REVENUES:			
Charges for services	\$ 1,500	\$ 500	\$ 2,000
Interest	2,028	847	2,875
TOTAL REVENUES	<u>3,528</u>	<u>1,347</u>	<u>4,875</u>
EXPENDITURES:			
Current:			
Cemetery	3,388	-	3,388
EXCESS OF REVENUES OVER EXPENDITURES	<u>140</u>	<u>1,347</u>	<u>1,487</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	768	-	768
Operating transfers out	-	(768)	(768)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>908</u>	<u>579</u>	<u>1,487</u>
FUND BALANCE - April 1	13,442	66,098	79,540
FUND BALANCE - March 31	<u>\$ 14,350</u>	<u>\$ 66,677</u>	<u>\$ 81,027</u>

**TOWNSHIP OF VERONA, HURON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUND - CEMETERY FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Lot sales	\$ 2,500	\$ 2,500	\$ 1,500	\$ (1,000)
Interest	1,600	1,600	2,028	428
TOTAL REVENUES	<u>4,100</u>	<u>4,100</u>	<u>3,528</u>	<u>(572)</u>
EXPENDITURES:				
Labor	3,330	3,330	3,258	72
Supplies	500	500	130	370
TOTAL EXPENDITURES	<u>3,830</u>	<u>3,830</u>	<u>3,388</u>	<u>442</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>270</u>	<u>270</u>	<u>140</u>	<u>(130)</u>
OTHER FINANCING SOURCES:				
Operating transfers in	-	-	768	768
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>270</u>	<u>270</u>	<u>908</u>	<u>638</u>
FUND BALANCE - April 1	13,442	13,442	13,442	-
FUND BALANCE - March 31	<u>\$ 13,712</u>	<u>\$ 13,712</u>	<u>\$ 14,350</u>	<u>\$ 638</u>

**TOWNSHIP OF VERONA, HURON COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX COLLECTION FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	<u>BALANCE</u> <u>APRIL 1, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31, 2008</u>
<u>ASSETS</u>				
Cash	\$ 228,489	\$ 1,787,160	\$ 1,752,879	\$ 262,770
TOTAL ASSETS	<u>\$ 228,489</u>	<u>\$ 1,787,160</u>	<u>\$ 1,752,879</u>	<u>\$ 262,770</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 228,489	\$ 319,604	\$ 285,323	\$ 262,770
Due to county	-	705,572	705,572	-
Due to schools	-	725,886	725,886	-
Due to library	-	36,098	36,098	-
TOTAL LIABILITIES	<u>\$ 228,489</u>	<u>\$ 1,787,160</u>	<u>\$ 1,752,879</u>	<u>\$ 262,770</u>

BRINING & NARTKER, P.C.

Certified Public Accountants

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American Institute of
Certified Public Accountants

Township Board
Township of Verona
Huron County, Michigan

In planning and performing our audit of the financial statements of the Township of Verona, Huron County, Michigan as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Township of Verona, Huron County, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the following deficiency to be a significant deficiency in internal control.

The Township officials have the ability to perform internal accounting functions and prepare bank reconciliations. Generally accepted accounting principles also requires that the Township prepare financial statements including the related notes to the financial statements. As is the case with many small governments, the Township has relied on its independent external auditors to assist in the preparation of the financial statements and notes thereto as part of its external financial reporting process. External auditors cannot, by definition, be considered part of the Township's internal controls over financial reporting. The Township has decided that it is more cost effective and in the best interest of the Township to outsource this task to its external auditors and to carefully review the financial statements and notes thereto prior to approving them and accepting responsibility for their content and presentation.

This communication is intended solely for the information and use of management, the Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



Brining & Nartker, P.C.
Certified Public Accountants

August 20, 2008